



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-3

October 10, 2002

Mrs. Elizabeth Smith, Treasurer
The Madison Project Inc.
P.O. Box 100
Centreville, VA 20122

Identification Number: C00298000

Reference: Amended April Quarterly Report (1/1/02-3/31/02), received 7/12/02

Dear Mrs. Smith:

On September 18, 2002 you were notified that a review of the above-referenced report(s) raised questions as to specific contributions and/or expenditures, and the reporting of certain information required by the Federal Election Campaign Act.

Your October 2, 2002 response is incomplete because you have not provided all the requested information. For this response to be considered adequate, the following information is still required.

-Your report discloses a transfer(s) for "Overhead Expenses" to the Madison Project State Account which appears to be a non-federal account of your committee. Please be advised, committees that make disbursements in connection with federal and non-federal elections and have established separate federal and non-federal accounts must allocate their expenses pursuant to 11 CFR §§106.5 and 106.6.

Further, 11 CFR §§106.5 and 106.6 prohibits a committee's federal account from reimbursing its non-federal account for shared allocable expenses. Also, the non-federal account is prohibited from paying the federal account's share of these expenses. These types of shared costs must be paid according to the allocation ratio derived from the appropriate method on Schedule H1.

If the transfer(s) in question was incompletely or incorrectly disclosed, you should amend your original report with clarifying information. If your non-federal account has paid any expenditures which should have been

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allocated, you are advised to correct any non-compliance with 11 CFR §106.5 and 106.6 and establish procedures to insure future compliance with allocation regulations.

Although the Commission may take further legal action regarding this improper allocation activity, your prompt action will be taken into consideration.

-Line 23 of the Detailed Summary Page of your report discloses a total of \$10,475 in contributions made to federal candidates/committees. The sum of the entries itemized on Schedule B, however, indicates the total to be \$10,985. Please amend your report to clarify the discrepancy.

-Schedules A and B of your report disclose your committee has received apparent earmarked contributions for several federal candidates. Please be advised, if the contributions passed through your committee's account, then a notation must be made which states this and each must be itemized on Schedules A and B, regardless of the amount. However, if the earmarked contributions were forwarded in the form of the contributor's check, then a notation must be made which states this and they should be disclosed as MEMO entries on Schedules A and B. For disclosure purposes, the name and mailing address for each contributor must be provided and where the contribution exceeds \$200, the individual's occupation and name of employer must also be itemized. 11 CFR §110.6(c)(1)(iv) Please amend your report accordingly and provide the omitted schedule(s).

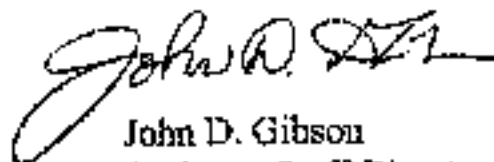
An adequate response must be received at the Commission by October 30, 2002. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. **Requests for extensions for time in which to respond will not be considered.** Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you have any questions regarding this matter, please contact Antoinette Kitchen on our toll-free number, (800)

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424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division), our local number is (202) 694-1130.

Sincerely,

A handwritten signature in black ink, appearing to read "John D. Gibson". The signature is fluid and cursive, with a large initial "J" and a stylized "G".

John D. Gibson
Assistant Staff Director
Reports Analysis Division

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22-03-772-5427